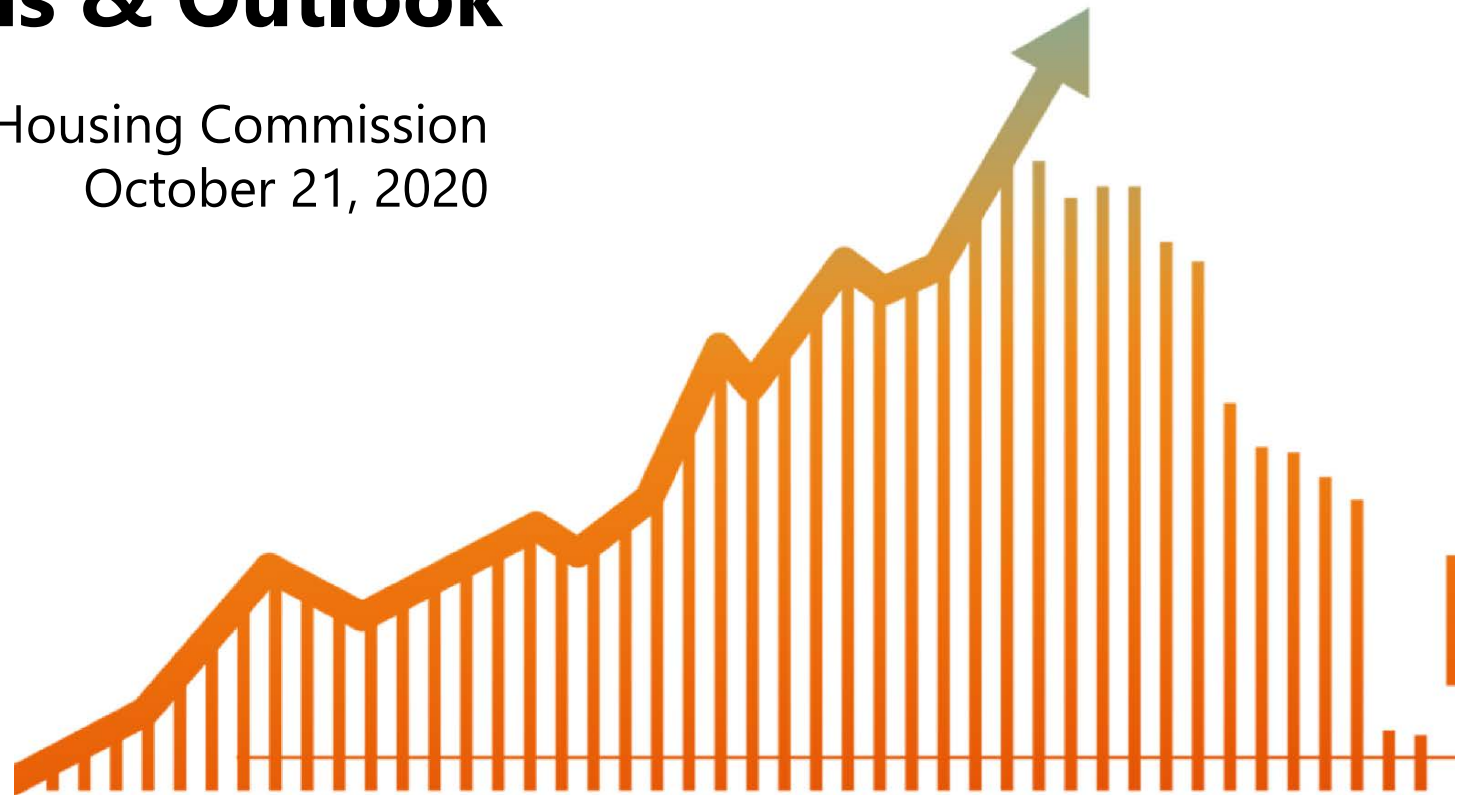


Virginia's Housing Market: Trends & Outlook

Virginia Housing Commission
October 21, 2020

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Chief Economist, Virginia REALTORS®



Key Trends & Outlook

Factors Affecting Virginia's Housing Market



"K-shaped" recovery is benefitting some over others; homeowners better positioned currently



Interest rates will stay low, making purchase and refinancing attractive



Home sales activity rebounded strongly, but inventory remains a constraint & affordability is a challenge



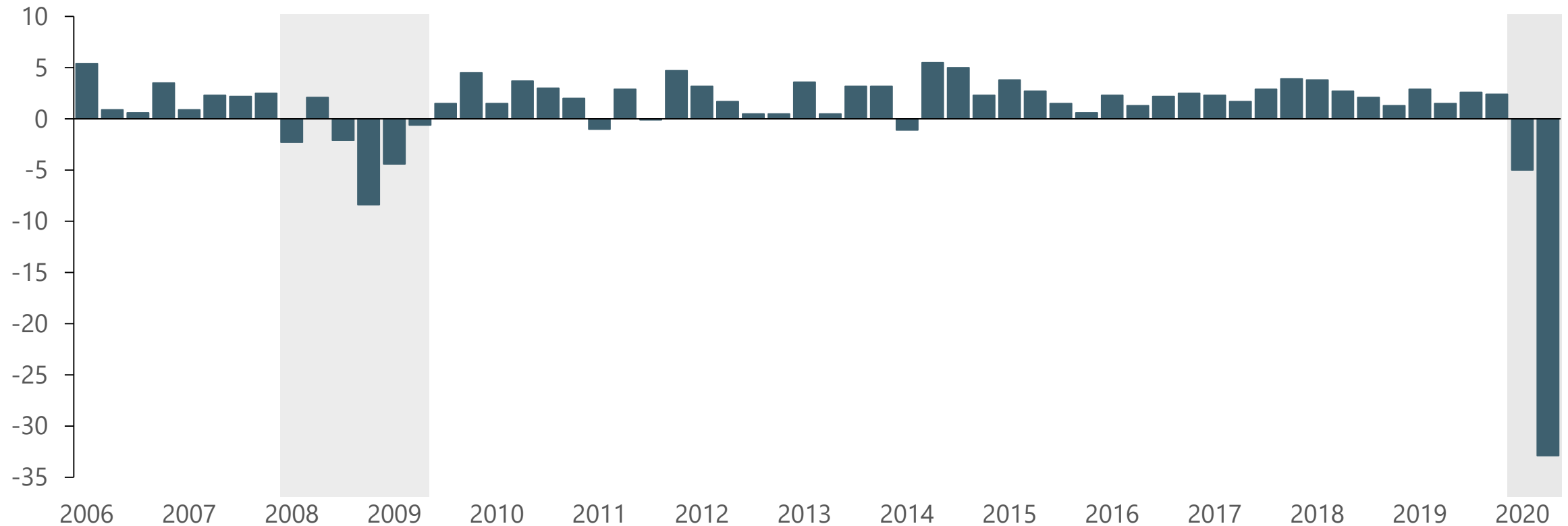
Longer-term shift in housing preferences expected at the margins

Economic Trends

U.S. Real GDP Growth – 2nd Quarter GDP Down 32.9%

Q3/Q4 GDP expected to grow but uncertainty remains

Annualized Quarterly Change (%)

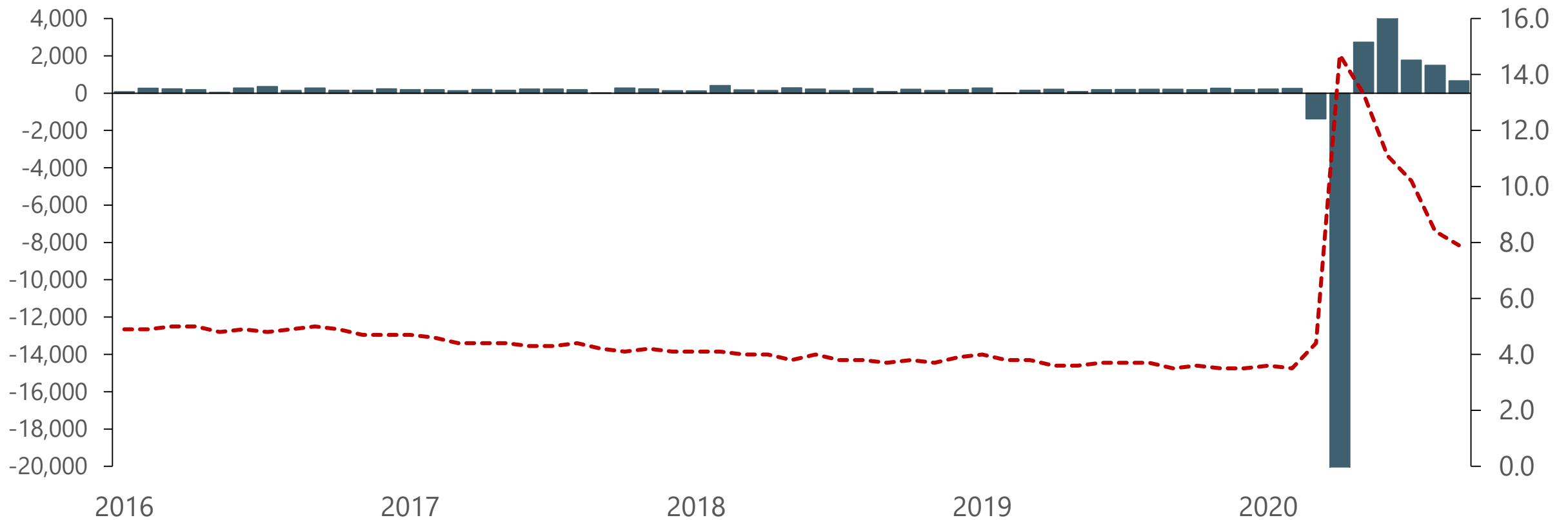


U.S. Employment - Up for 5 Consecutive Months

Pace of job growth has slowed; unemployment rate hit 7.9% in September

Month to Month Job Change (000s)

Unemployment Rate (%)

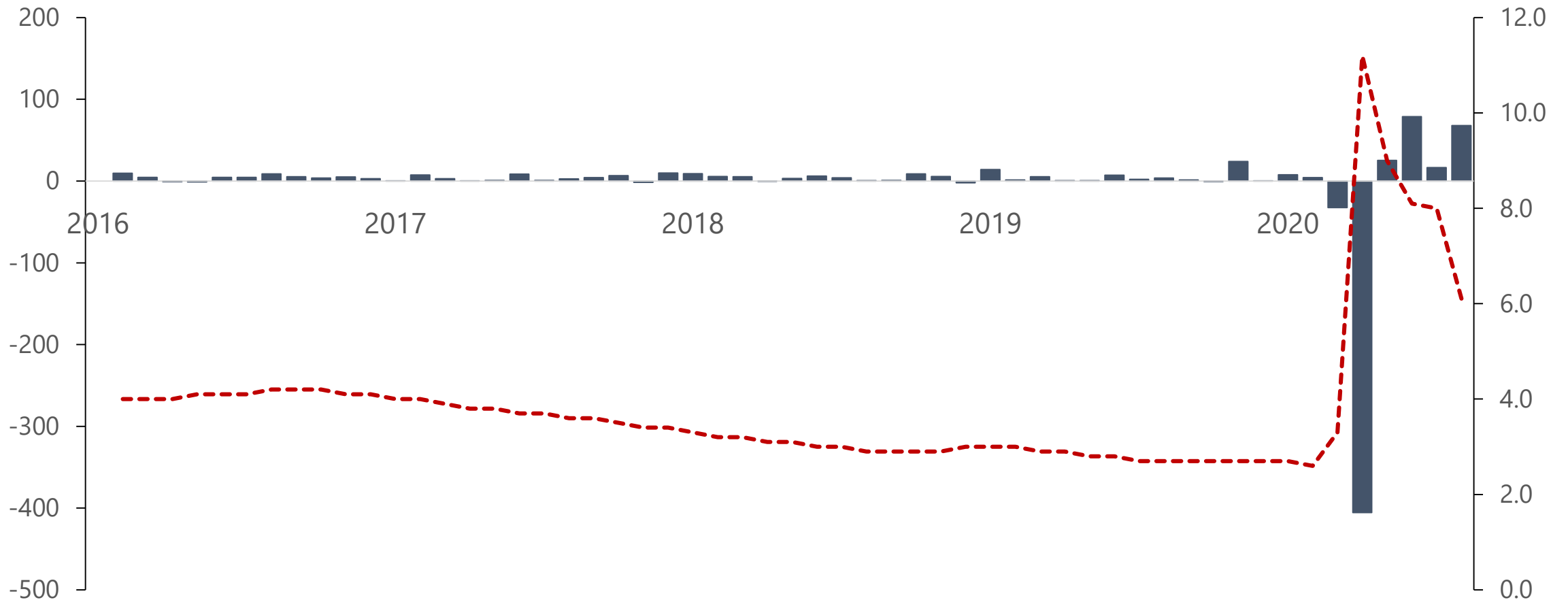


Virginia Employment - Up for 4 Consecutive Months

Unemployment rate hit 6.1% in August

Virginia Month to Month Job Change (000s)

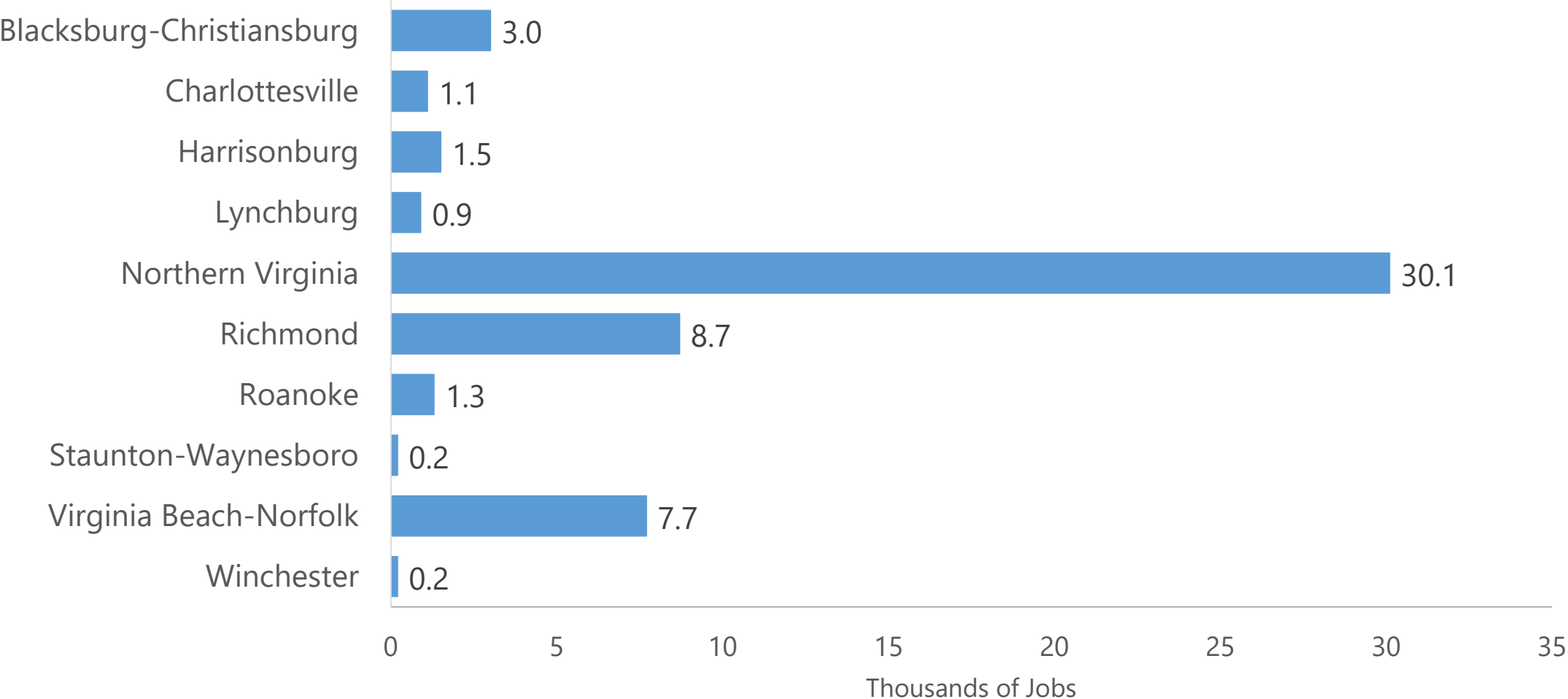
Unemployment Rate (%)



Broad-based Job Gains Across the Commonwealth

All metro areas gained jobs in August

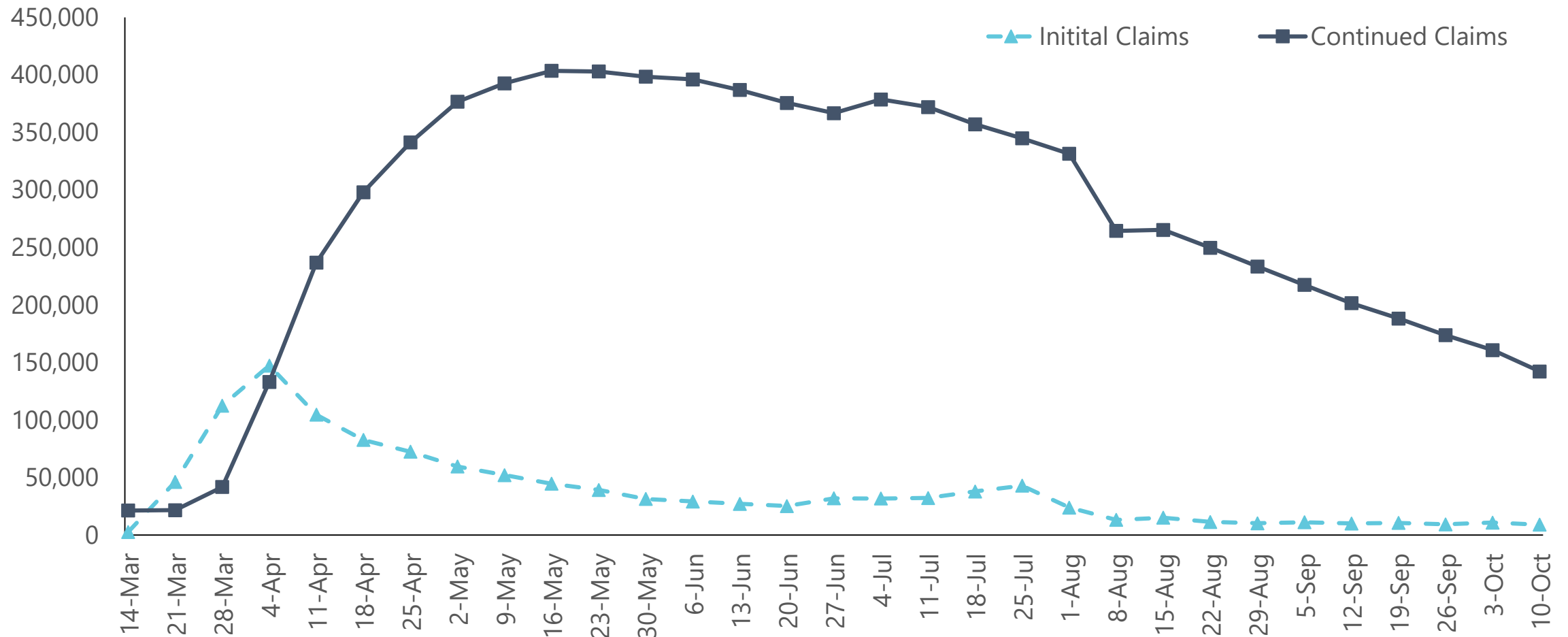
Job Change by Metro Area - July to August 2020



Source: U.S. Bureau of Labor Statistics, seasonally adjusted

Virginia Unemployment Claims – Steady Declines

However, about 142,000 Virginians were receiving unemployment benefits as of Oct 10

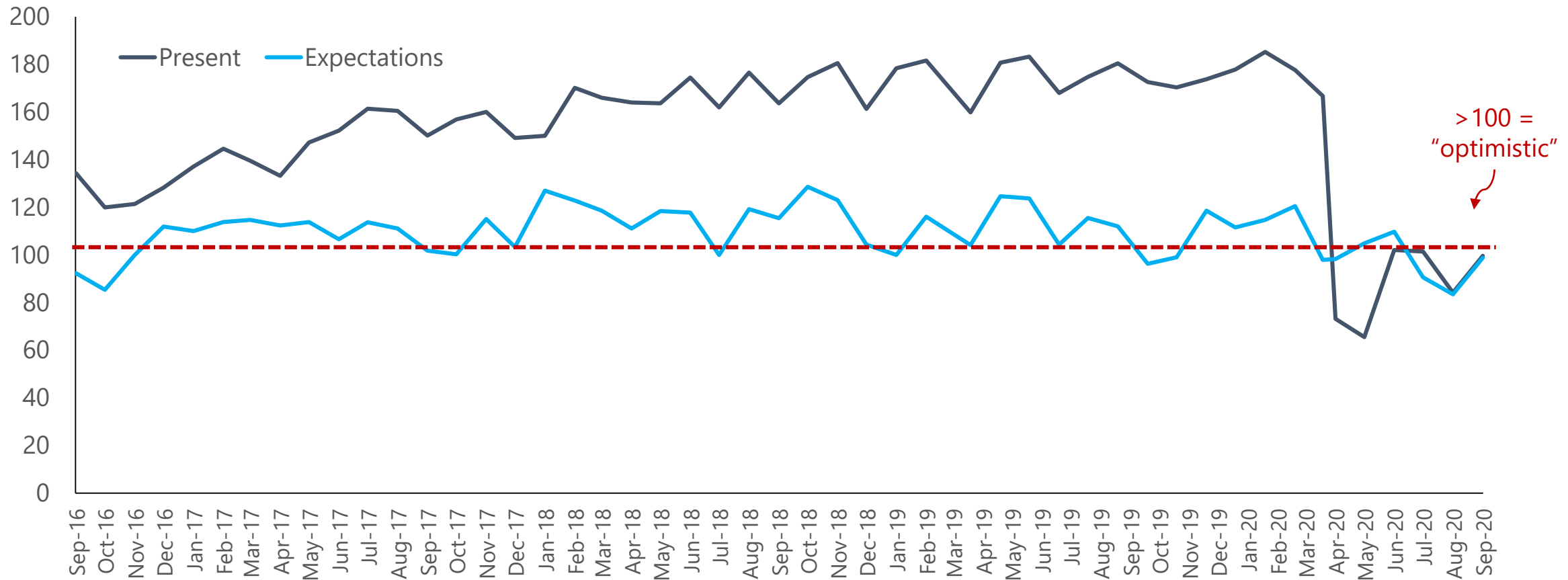


Source: U.S. Department of Labor, Virginia Employment Commission, Not Seasonally Adjusted

Consumer Confidence Improved in September

The Present Index rose to 99.6; the Expectations Index rose to 98.8

Consumer Confidence Index – South Atlantic Region

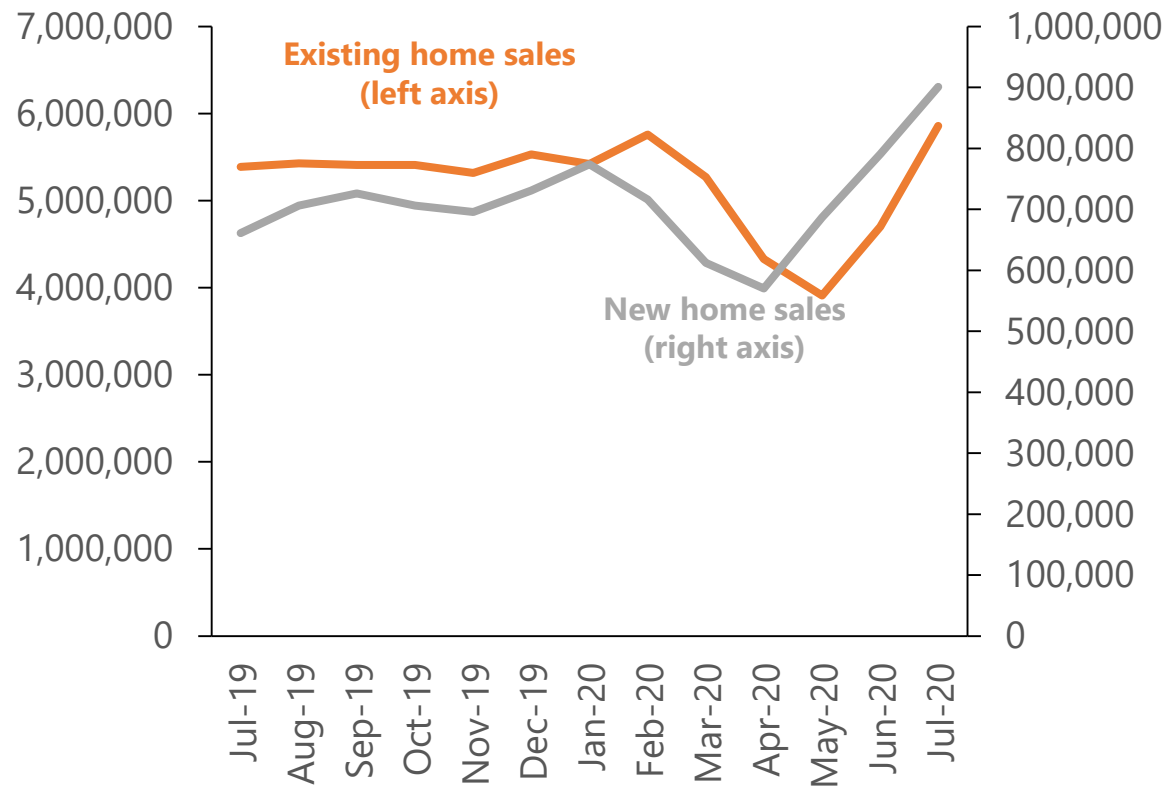


Housing Market Trends

Why Has the Housing Market Been So Resilient?

V-shaped recovery in the housing market

U.S. Home Sales



Annualized monthly home sales

Job losses have been concentrated in a few sectors where workers are mostly renters.

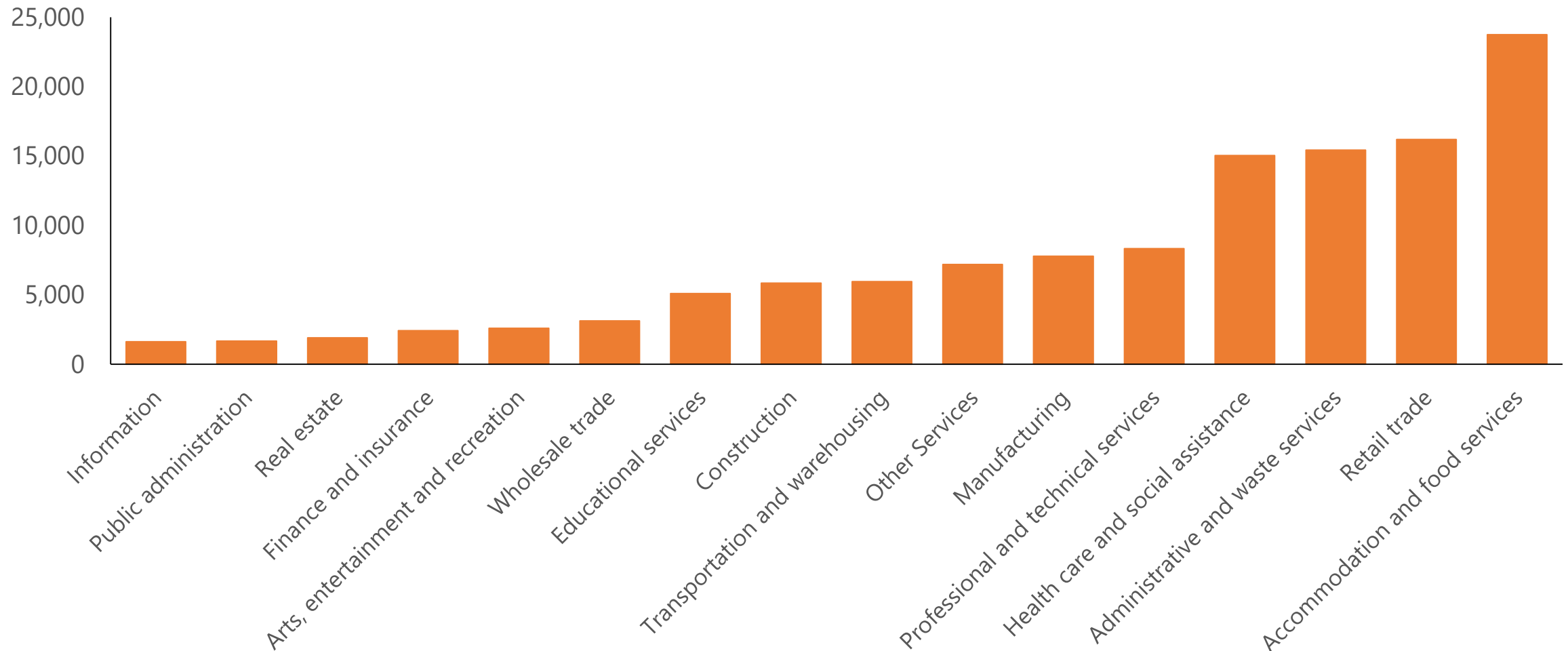
Mortgage rates have been at historically low levels.

Pre-COVID housing demand was strong – and will continue to be.

Virginia Unemployment Claims by Industry

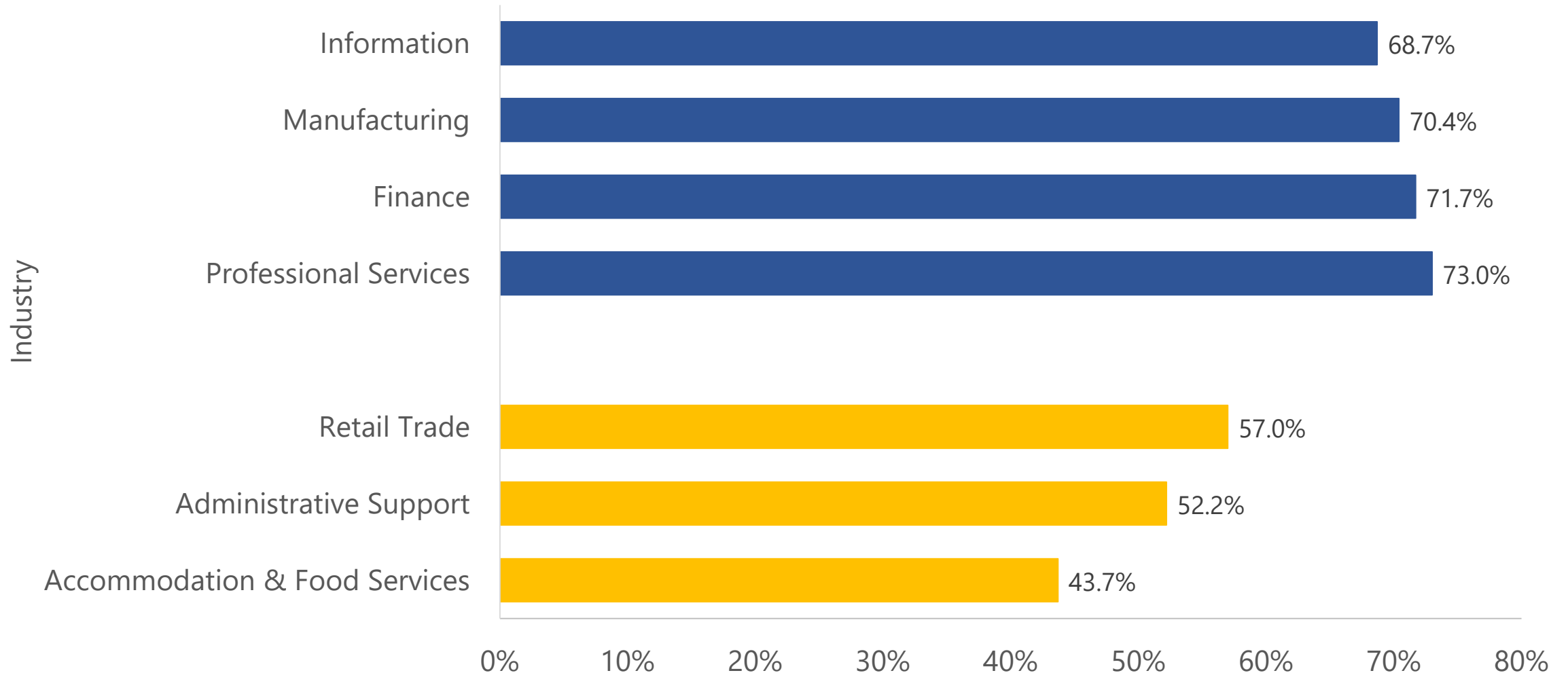
1 in 5 unemployed residents are in the Accommodation & Food Services sector

Total Continued Claims by Industry (As of October 10)



Virginia Homeownership Rates by Industry

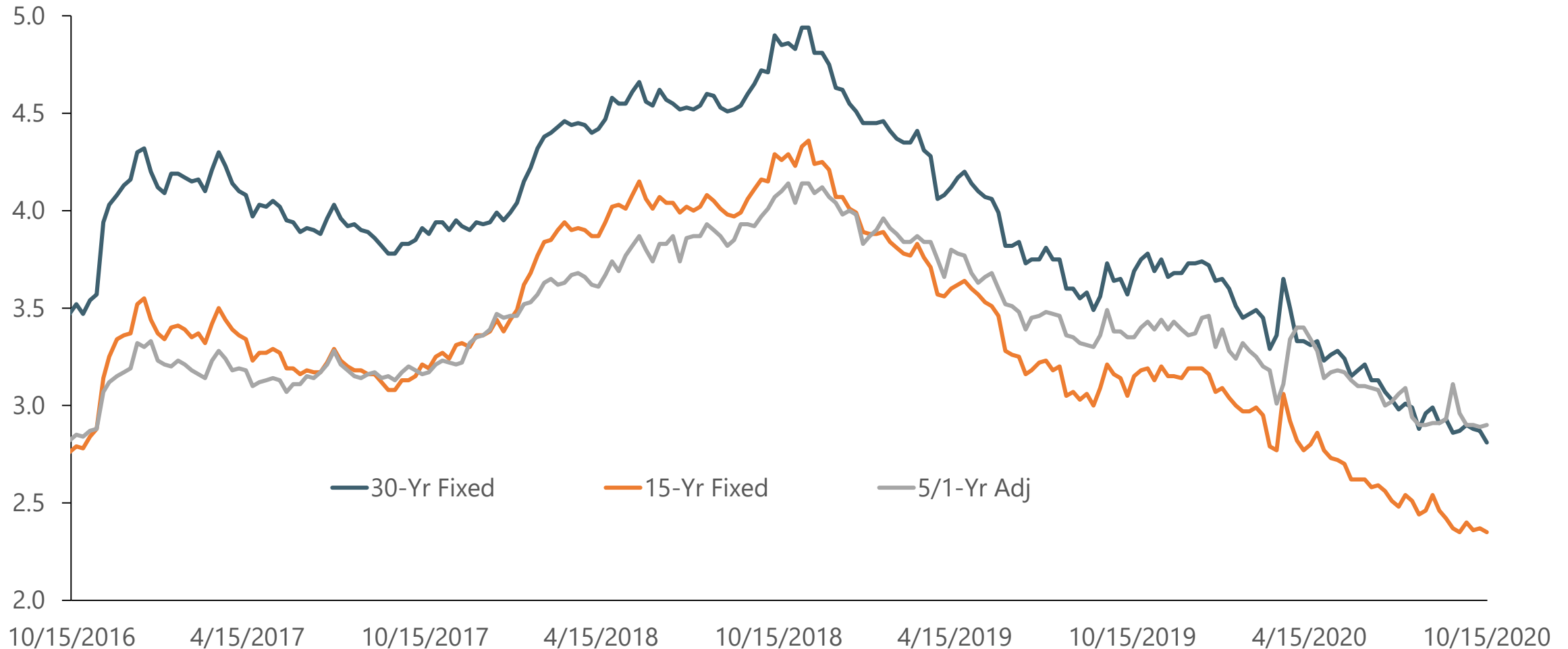
Workers in industries most impacted by the downturn are more likely to be renters



Mortgage Rates

Avg. 30-year fixed rate mortgage rate below 3% for 12 consecutive weeks

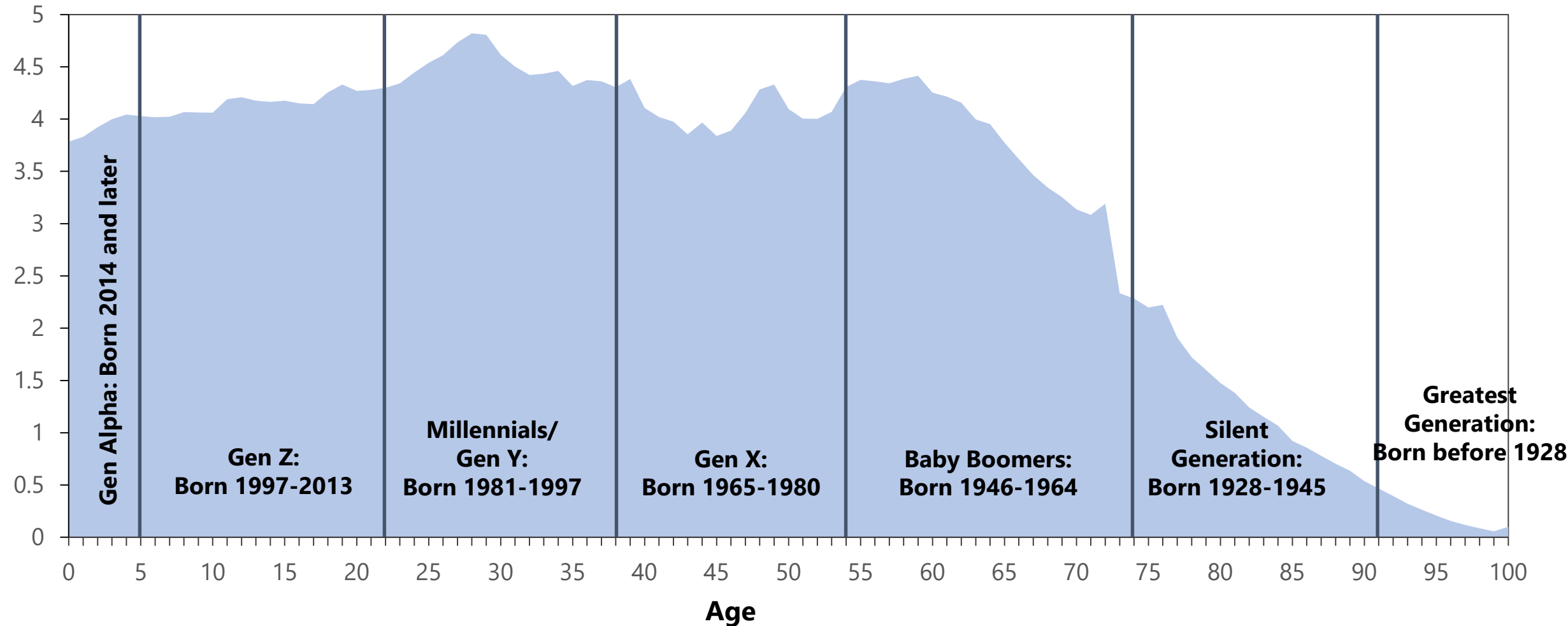
Weekly Mortgage Interest Rates (%), Not Seasonally Adjusted



Large Millennial Population Has Entered Prime Homebuying Age

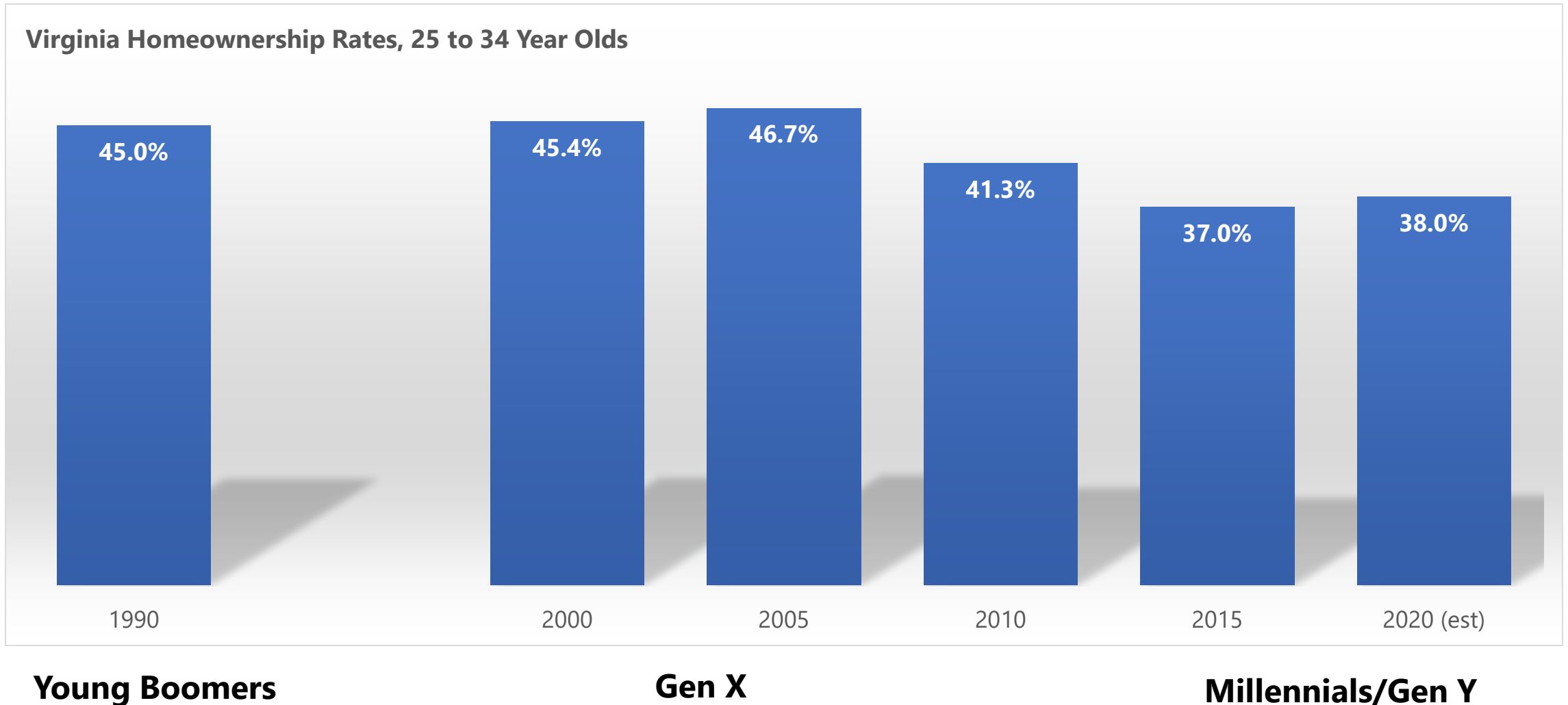
Millennials make up more than a third of buyers

Millions of People (US)



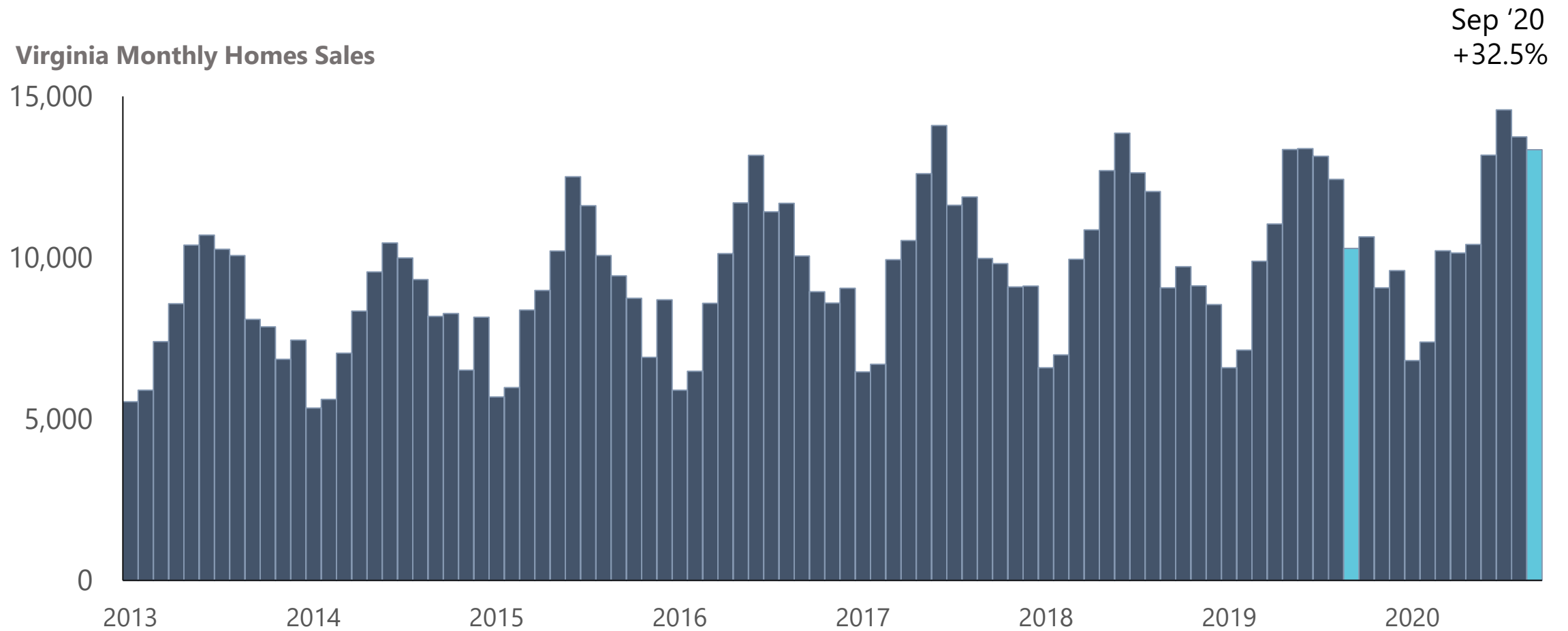
Homeownership Rates Among Millennials Remain Relatively Low

Boomers and Gen X'ers had higher homeownership rates at age 25 to 34



Virginia Home Sales Rebounded Strongly This Summer

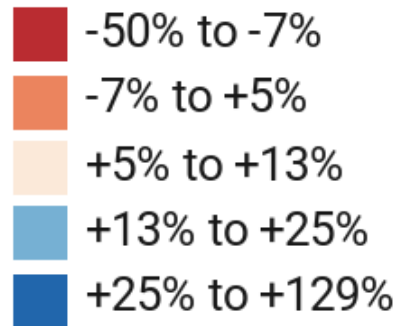
September sales surged 32.5% compared to last year



Summer Home Sales Up in Many Parts of the State

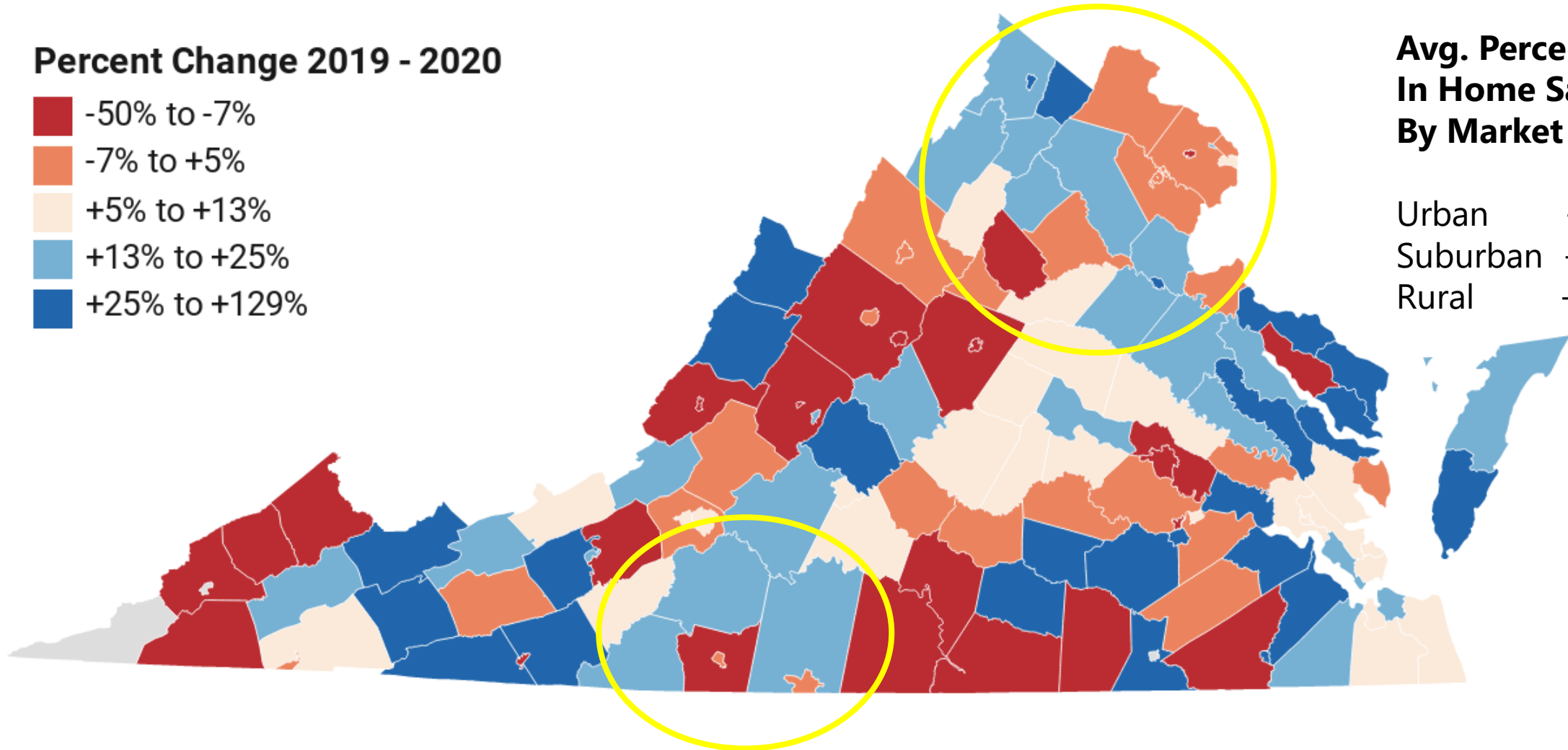
Stronger sales activity in suburban and rural markets

Percent Change 2019 - 2020



Avg. Percent Change In Home Sales By Market Type

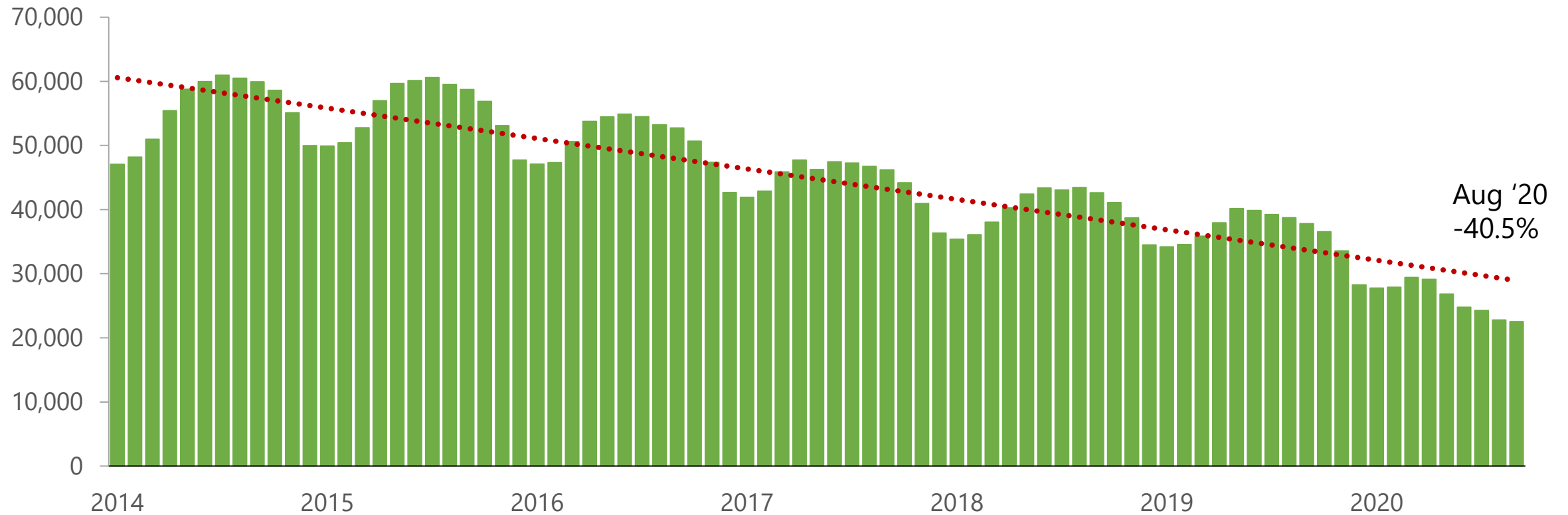
Urban	+5.8%
Suburban	+11.9%
Rural	+15.2%



Inventory – Supply Remains a Major Constraint

COVID-19 has worsened inventory challenges

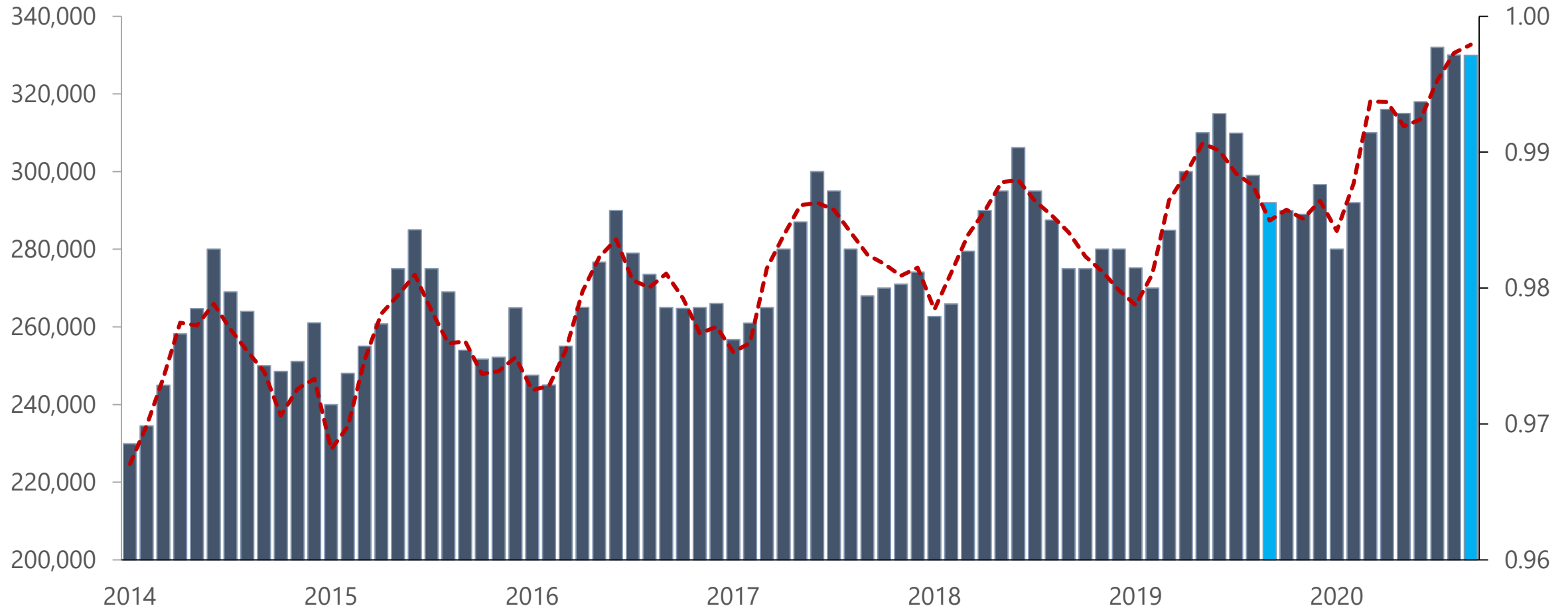
Virginia Active Listings, End of the Month



Home Prices Are on the Rise

The statewide median home price was \$329,900, up 12.7% from a year ago

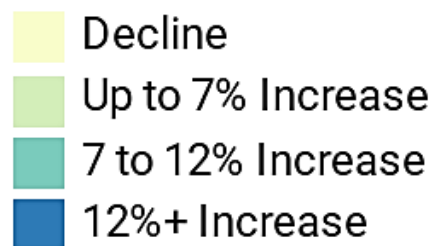
Median Sales Price(\$), End of the Month



Year-to-Date Median Home Prices are Up Across the State

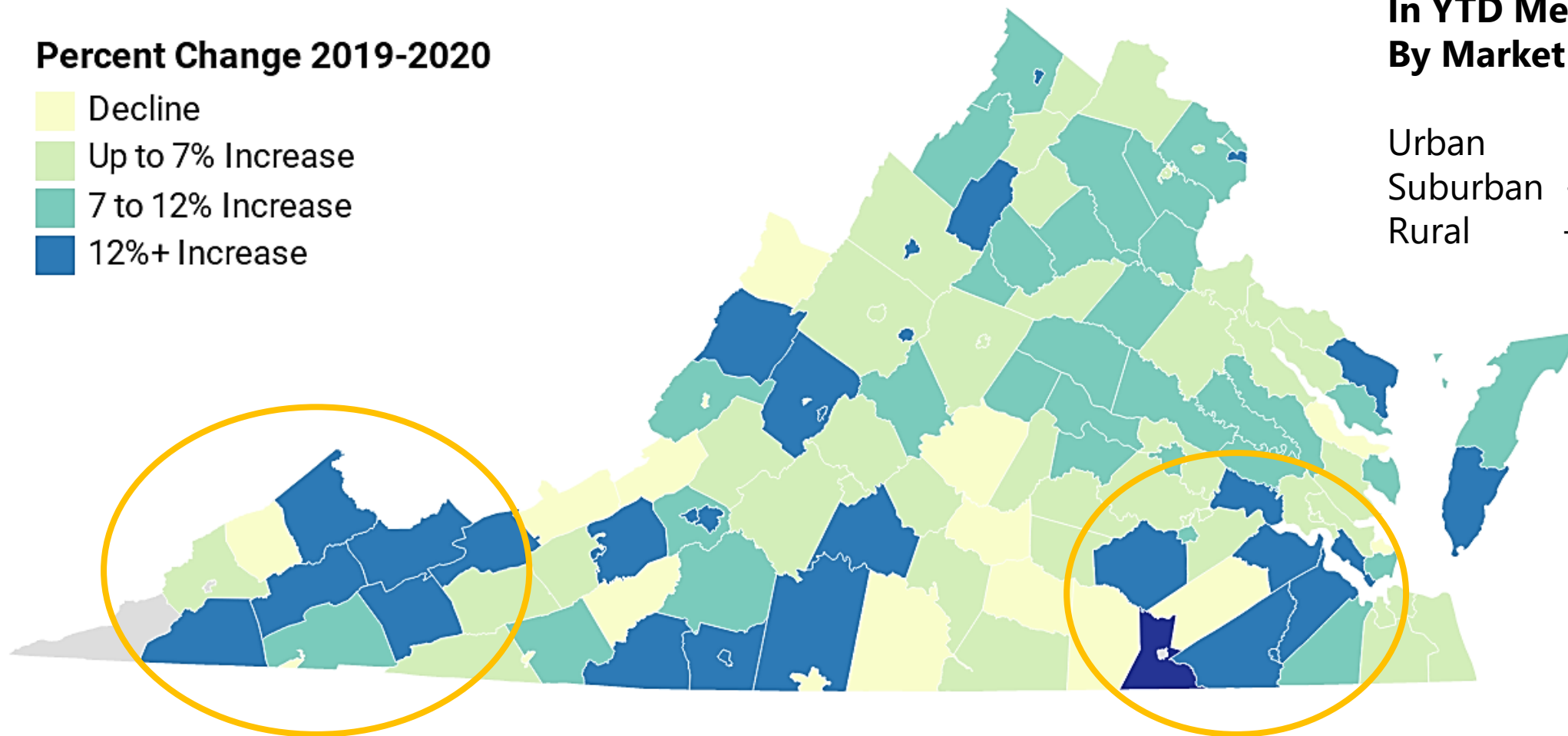
Prices are rising faster in smaller markets

Percent Change 2019-2020



Avg. Percent Change In YTD Median Home Price By Market Type

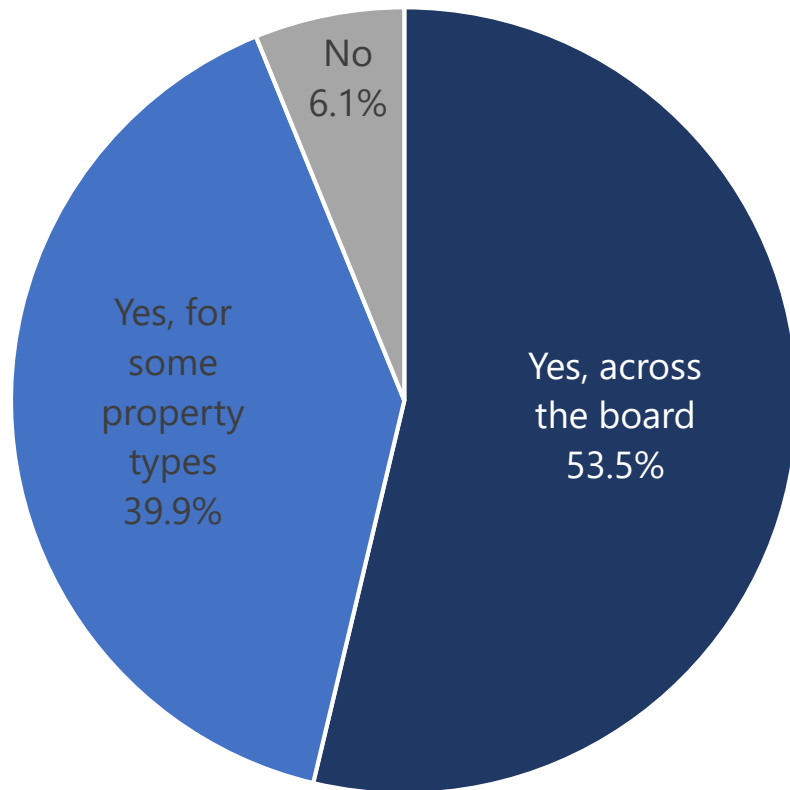
Urban	+7.0%
Suburban	+7.2%
Rural	+12.7%



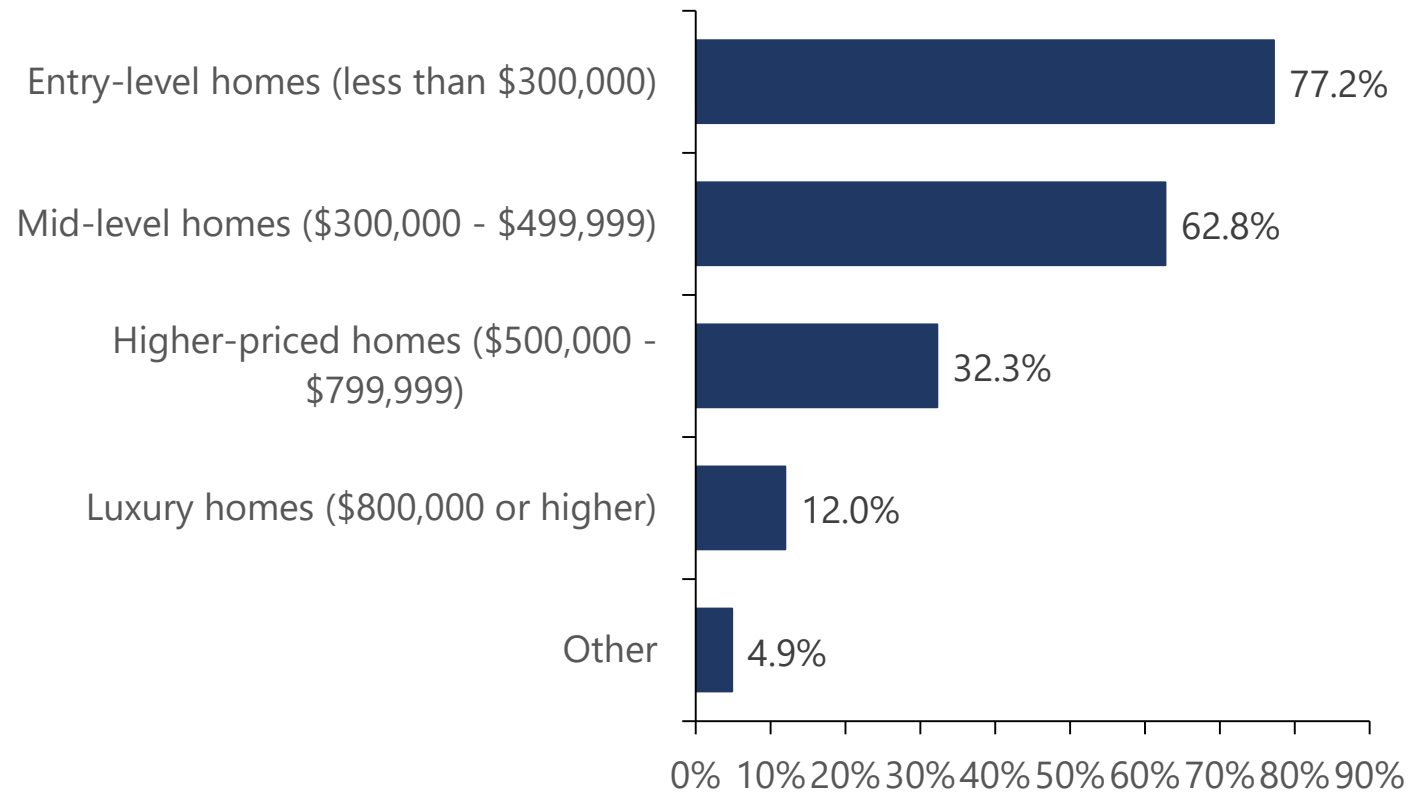
Nearly all Virginia REALTORS® are Seeing Multiple Offers

Biggest competition among entry-level and mid-level homes

In your recent transactions, have there been multiple offers on a home?



In general, what price ranges are you seeing multiple offers on homes?

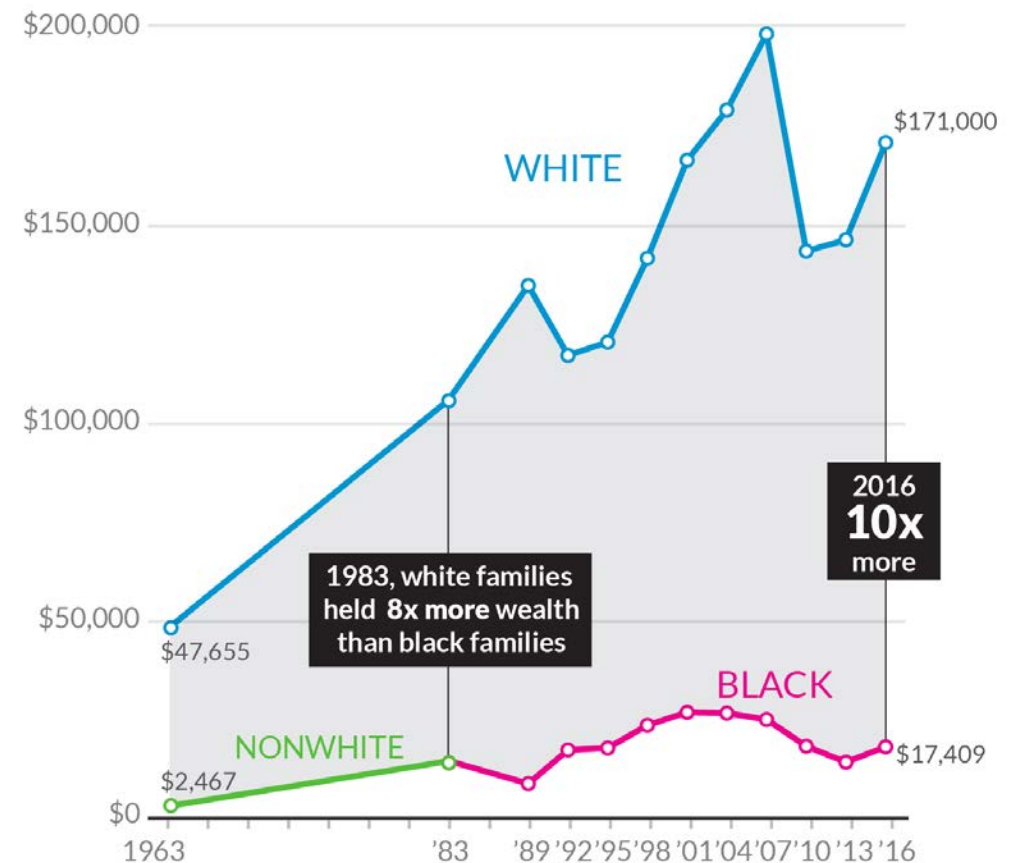


Outlook

What's ahead for 2020 and 2021?

- “K-Shaped” economic recovery
 - Some benefitting, others falling behind
 - Widening inequalities
- Interest rates will remain low into 2021
 - ~3% mortgage rates expected
 - Not all will be able to take advantage

Median Family Wealth, 1963,- 2016



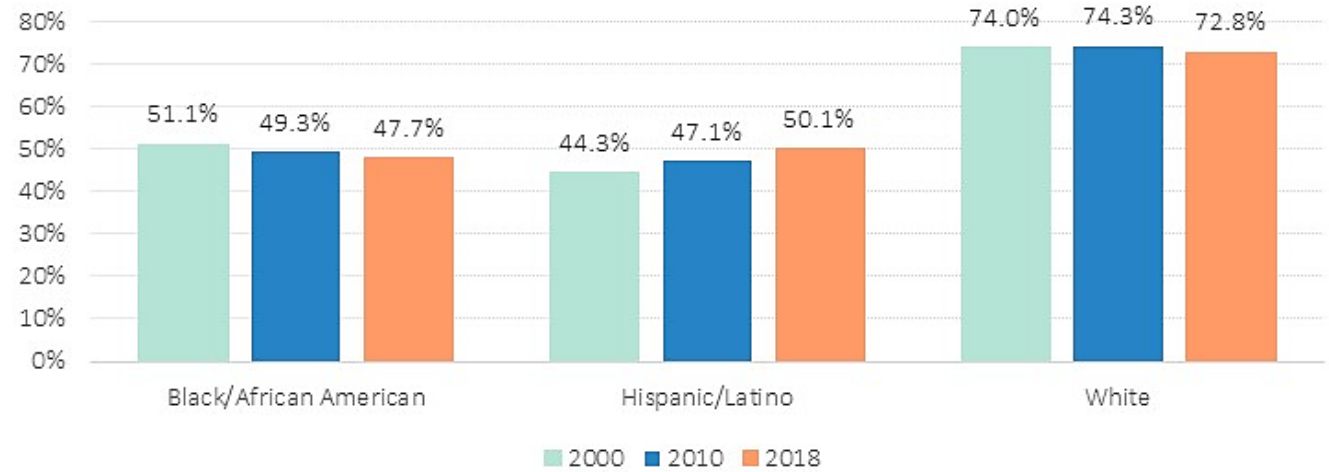
Source: Urban Institute

The Black-White homeownership gap has increased since 2000.

The homeownership rate among Black households in Virginia was 47.7% in 2018.

In 1968, when Congress passed the Fair Housing Act, the Black homeownership rate in Virginia was higher, at 52%.

Virginia
Homeownership Rates by Race/Ethnicity
(2000 - 2018)



Homeownership Rates	2000	2010	2018
Overall	68.1%	67.7%	65.9%
Black/African American	51.1%	49.3%	47.7%
Hispanic/Latino	44.3%	47.1%	50.1%
White	74.0%	74.3%	72.8%
Homeownership Rate Gaps			
Black-White Gap	-22.9%	-25.1%	-25.1%
Hispanic-White Gap	-29.7%	-27.3%	-22.7%

Source: U.S. Census Bureau

What's ahead for 2020 and 2021?

Homeownership Market

- Demand for homeownership will remain strong
- Despite low mortgage rates, affordability will be a growing challenge in many markets
- Growing demand for housing in suburban and rural communities

Rental Market

- Prolonged recovery will continue to hurt renters and landlords
- Some rental property owners will transition units to for-sale units
- Rents generally flat into 2021; falling slightly in higher-cost submarkets

Thank You

Questions?

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Virginiarealtors.org/research-statistics

